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C O N F I D E N T I A L CAIRO 001559

SIPDIS

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TAGS: [PREL](#) [MASS](#) [ETTC](#) [PARM](#) [EG](#)
SUBJECT: PDAS COUNTRYMAN MEETS WITH MOD OFFICIALS TO
DISCUSS END-USE ISSUES

REF: A. STATE 62775
[1](#)B. CAIRO 1114
[1](#)C. CAIRO 458
[1](#)D. CAIRO 805

Classified By: Ambassador Margaret Scobey per 1.4 (b) and (d).

[1](#)1. Key Points:

-- (C) On August 2, PM PDAS Tom Countryman led an interagency visit to Cairo to discuss recent potential violations of the Government of Egypt,s (GOE) end-use, retransfer, and security obligations involving U.S.-provided defense articles and defense services with the Ministry of Defense. He stressed the importance of Egypt demonstrating that it is taking concrete actions to prevent further violations.

-- (C) MOD agreed to continue an OMC-provided end-use training course, create a new MOD-administered periodic training course, name a high-level official to be a point of contact on end-use issues, and add end-use issues to the agenda for the annual Military Cooperation Committee meetings. MOD declined to sign any written agreement outlining these steps.

-- (C) Assistant Minister of Defense Mohammed al-Assar emphasized that Egypt took its end-use obligations "very seriously" and was taking "all measures" to prevent further incidents. He added that recent violations involved "junior officers making mistakes" without any high-level involvement.

End-Use Monitoring Working Group

[1](#)2. (C) On August 2, PM PDAS Tom Countryman led an interagency visit to Cairo to discuss recent potential violations of the Government of Egypt,s (GOE) end-use, retransfer, and security obligations involving U.S.-provided defense articles and defense services (ref A) involving U.S.-origin equipment and technology with the Ministry of Defense.

The delegation included representatives from PM/RSAT, NEA/ELA, the Office of the Secretary of Defense, Joint Staff and U.S. Central Command. Major General Mohammed al-Assar, Assistant Minister of Defense for Policy, led the Egyptian side, accompanied by Major General Fouad Abdel Halim, Assistant Minister of Defense for Armament and Major General Ahmed al-Moataz, Chief of the U.S. Relations branch.

[1](#)3. (C) Al-Assar said he had "high hopes" for establishing a "new dialogue" with the U.S. following President Obama's June speech in Cairo. Egypt's relationship with the U.S. is "tremendously important," he continued, viewing the military-military relationship as the "backbone" of bilateral cooperation. PDAS Countryman expressed appreciation for the strategic relationship with Egypt and strong security

cooperation over the last 30 years.

¶4. (C) PDAS Countryman noted that overall, Egypt has a good record of protecting its large inventory of U.S. equipment and technology. Many countries, however, expend great energy to illegally obtain U.S. technology. In order to provide our partners with the best military equipment available, strict protections must exist to prevent compromise, he added. PDAS Countryman stressed the important role Congress plays in monitoring end-use compliance. He explained that the Department, through the PM Bureau, was required to notify Congress of any potential end-use violations.

¶5. (C) PDAS Countryman emphasized the importance of a clear and transparent picture of Egypt's end-use performance, including the measures being taken to prevent further violations. He noted that Egypt had more potential Section 3 violations than any other country in the world over the last several years. Cases involving the Chinese, he continued, were of particular concern (ref A). If Egypt cannot demonstrate that it is taking the necessary steps to prevent future violations, the necessary Congressional consent for important Foreign Military Financing (FMF)-funded programs could be delayed, such as M1A1 co-production and the proposed purchase of F-16 aircraft.

¶6. (C) SDO/DATT Major General Williams offered his assessment of the recent potential violations, saying that the cases demonstrated a lack of awareness amongst MOD officials on end-use rules. He explained that the Office of Military Cooperation (OMC) had already begun a training program for mid-level Egyptian officials to address the lack of awareness, noting that OMC had received full cooperation

from MOD on delivering the course (ref B). General Williams added that the MOD had agreed to include end-use issues in the agenda for the annual Military Cooperation Committee meeting. He also highlighted the increase in third-party transfer requests from the MOD, indicating that the training program had increased awareness of end-use regulations.

¶7. (C) Major General Abdel Halim, who is responsible for the FMF program, stressed that Egypt follows all regulations, including the end-use, retransfer and security obligations included with every purchase of U.S. equipment made by the GOE. He noted that until the last four years, Egypt had no Section 3 violations, adding that the recent violations were a "minor thing" that could be overcome. On the recent violations, he said that MOD had been very transparent with the Embassy on discussing each individual case. Al-Assar stressed that Egypt takes its end-use obligations "very seriously" and was taking "all measures" to prevent further incidents. He said that recent violations involved "junior officers making mistakes" without any high-level involvement. In the case of the reverse engineering of a 155 mm gun tube (ref C), the MOD quickly fired the engineer involved and said the engineer "did not know it was a violation."

Way Forward

¶8. (C) PDAS Countryman acknowledged Egypt's good faith efforts to report and redress apparent violations. He outlined several steps Egypt could take to demonstrate its commitment to preventing further end-use violations. Al-Assar replied that the MOD cooperated fully with OMC and was already taking the appropriate measures to prevent a reoccurrence, including naming a point of contact responsible for end-use issues. Al-Assar said that the MOD considered raising end-use awareness amongst its officials to be an important goal, but stressed that training had to be conducted "carefully" in order to prevent the appearance of "U.S. interference." Major General Abdel Halim suggested that the MOD could provide periodic training (every two months) to the "consigned officers" responsible for protecting U.S. equipment and technology under the auspices of the Armament Authority. This training would then filter

down to the operators of U.S. equipment at the unit level. Having MOD officials quietly deliver the training, instead of Americans, would allow MOD to frame the training as "self-protection" of Egyptian equipment and not as a new restriction from the U.S.

¶9. (C) PDAS Countryman commented on the recent violations, saying that in the case of the 155 gun tube, MOD did the right thing by taking swift action against the engineer responsible, adding that the case did not raise much concern.

The case involving the visit of a Chinese military official to an F-16 base (ref D), however, did raise genuine concerns about the transfer of US technology. He noted that U.S. concerns over the visit had already delayed Egypt's request to purchase F-16 aircraft. PDAS Countryman stressed the importance of receiving a consistent story of what happened during the Chinese official's visit (Note: We have received conflicting reports from MOD officials on what the Chinese official saw during his tour. End Note). PDAS Countryman suggested that the MOD should conduct an internal analysis of the eight potential Section 3 violations over the last four years to identify the reason behind each violation, which would help guide any solution. An analytical review would also help determine if training is reaching the right audience.

¶10. (C) Al-Assar did not respond directly, but said MOD was open to any program that would increase awareness of its end-use, retransfer and security obligations. PDAS Countryman urged the MOD to take proactive, concrete steps to demonstrate its determination to prevent future violations. He suggested MOD agree in writing to the following actions:

1) Conduct an internal analysis of the eight potential violations to be shared with the OMC, 2) Commit to an end-use training plan, and 3) Identify one senior official as a point of contact for end-use issues. PDAS Countryman understood MOD's reluctance to sign a document during the meeting, but promised to provide a text for the MOD's review. Al-Assar agreed to review the text for accuracy, but did not commit to signing any document.

¶11. (C) Subsequent to the meeting, al-Assar reviewed the proposed text, but declined to sign the document. He verbally concurred that the MOD would continue OMC-provided end-use training, create a new MOD-administered periodic training course, name a high-level official (MG Abdul Halim)

to be a point of contact on end-use issues, and add end-use issues to the agenda for the annual Military Cooperation Committee meetings. He declined to conduct an internal analysis on the end-use violations.

Mil-Mil Cooperation

¶12. (C) At the conclusion of the end-use monitoring portion of the meeting, al-Assar raised several issues related to bilateral military cooperation. He urged the U.S. not to allow a third-party (Israel) to delay the political release of advanced weapons systems to Egypt. Al-Assar had "high hopes" that the new U.S. Administration would be more supportive of releasing weapons systems to Egypt. (Note: Egypt has long requested the release of certain weapons systems, like the TOW 2B, LONGBOW, and JAVELIN. Egypt is prevented from acquiring some systems because of Minister of Defense Tantawi's refusal to sign the necessary security agreement (CISMOA). The GoE also believes that concerns over Israel's Qualitative Military Edge have prevented weapons systems from being released to Egypt. End Note).

¶13. (C) Al-Assar also emphasized the importance of maintaining the 2:3 ratio for FMF provided to Egypt and Israel established after the Camp David Peace accord, in order to sustain the "regional balance." He noted that over the last 10 years, Israel's FMF level has grown substantially, while Egypt's annual FMF level has remained at \$1.3 billion. The modernization of the Egyptian military was critical to Egypt's ability to defend its territory, he

continued, stressing that "we want to proceed with our modernization plan with the United States." Any delay in the political release of weapons systems and Congressional conditioning of bilateral assistance was "not good" for the modernization plan.

¶14. (C) PDAS Countryman repeated that the U.S. appreciates the strategic importance of Egypt. While US political constraints on weapons sales are a real factor, they had not, he believed, prevented Egypt from building a military adequate to its regional responsibilities. He noted that Egypt could best help itself with the Administration and with Congress by insuring the proper protection of U.S. technology and equipment, and by continuing its efforts to interdict Iranian shipment of weapons bound for Hamas and Hizballah.

¶15. (U) PDAS Countryman cleared this cable.
SCOBAY